



City Council Report

Date: August 29, 2011
To: City Council
Through: Christopher J. Brady, City Manager
From: William J. Jabjiniak, Economic Development Director
Subject: Take action on the following documents to facilitate the disposition of the Former Air Force Research Lab located at 6030 South Kent Street:

1. Resolution rescinding Resolution Numbered 9665 related to recognition of the City of Mesa as the Local Redevelopment Authority for the Disposition of the Air Force Research Laboratory (AFRL).
2. Resolution authorizing City Staff to request that the Department of Defense Office of Economic Adjustment recognize the City of Mesa as the Implementing Local Redevelopment Authority (ILRA) for the Implementation of the Reuse Plan for the AFRL.
3. Resolution authorizing the formation of the ILRA Executive Board for implementation of the Reuse Plan for the AFRL.

District 6

**Strategic
Initiatives**



Purpose and Recommendation

The purpose of this report is to discuss and take action on the following documents:

1. Resolution (see Exhibit No. 1) rescinding Resolution Numbered 9665 related to recognition of the City of Mesa as the Local Redevelopment Authority for the Disposition of the Air Force Research Laboratory (AFRL).
2. Resolution (see Exhibit No. 2) authorizing City Staff to request that the Department of Defense Office of Economic Adjustment recognize the City of Mesa as the Implementing Local Redevelopment Authority (ILRA) for the Implementation of the Reuse Plan for the AFRL. The ILRA shall be known as the "Mesa Redevelopment Authority [MRA]"
3. Resolution (see Exhibit No. 3) authorizing the formation of the MRA Executive Board for implementation of the Reuse Plan for the AFRL.

Background

The AFRL is currently located in Mesa, Arizona. More specifically the facility is located between Phoenix-Mesa Gateway Airport and Arizona State University Polytechnic campus. On June 23, 2011, the City Council approved an Interim Lease with the United States Air Force for the AFRL, and a property management/business assistance agreement with Alion Science and Technology. We are on track with all objectives. The United States Air Force will vacate the AFRL on or before September 15, 2011.

The Reuse Plan and Homeless Submission Report (HSR) for the AFRL were approved by the Department of Housing and Urban Development on March 10, 2011. As a reminder, the Reuse Plan proposes that the AFRL be transferred to the City of Mesa by means of an Economic Development Conveyance (EDC). The City envisions continuing the legacy of the AFRL site by using this complex as the cornerstone of a science and technology research center including a wide range of academic and security industry organizations and projects. This site will continue to be used as a center for specialized research in technology, defense and national security fields, capitalizing upon the unique nature of the buildings, the security status of the facilities, and the skills, knowledge and experience of the work force. The Reuse Plan and related documents are available on the website created for the AFRL <http://www.mesaaz.gov/bettermesa/afrl.aspx>.

Discussion

Mesa Redevelopment Authority (MRA)

As the planning is completed and the base property is transferred from military to civilian ownership, the focus shifts to attracting end users, redeveloping the property, and providing for the operation of the property over the long term. We intend to receive an Economic Development Conveyance (EDC) as part of the property transfer process; therefore, an Implementation LRA formally recognized by the Office of Economic Adjustment (OEA) is needed. The "Implementing LRA" must have long-term public accountability and be the entity that is responsible for execute all or part of the reuse plan. The MRA must have:

- a. The authority to implement the Reuse Plan.
- b. Membership that is publicly appointed and has the legal authority to accept conveyance of Base Realignment and Closure (BRAC) property.
- c. Sufficient financing or the ability to acquire such financing to carry out the MRA's economic development objectives.

Economic Development Conveyance (EDC)

On August 22nd, the City Council authorized the execution of a grant agreement with the Office of Economic Adjustment to provide for consulting services to assist with the Base Relocation and Closure Process for the AFRL. We will execute a contract with RKG Associates Inc. to assist staff with the preparation of the EDC.

The main component of an EDC application is the Business and Operational Plan, which includes such elements as: (i) a development timetable, phasing schedule, and cash flow analysis; (ii) a market and financial feasibility analysis describing the economic viability of the project, including an estimate of net proceeds over a fifteen-year period, the proposed consideration or payment to the Department of Defense, and the estimated present fair market value of the property; (iii) a cost estimate and justification for infrastructure and other investments needed for the development of the EDC parcel; and (iv) local investment and proposed financing strategies for the development.

MRA Executive Board

The proposed ILRA Executive Board will assist with the implementation of the Reuse Plan of the AFRL. The success of this endeavor will require the assistance and cooperation of a variety of interested public and private parties. The Board will consist of 5 members appointed by the Mayor, with the approval of the City Council. Please see Exhibit No. 4 for a list of the responsibilities of the Board.

Fiscal Impact

We received a grant from the OEA to pay for the costs of a consultant who will assist staff with the preparation of the EDC application. The grant requires a 10% match, which will be provided with City staff time.

Coordinated With

Staff has worked, and will continue to work, with the Office of Economic Adjustment, the United States Air Force, Economic Development Advisory Board, ASU, and the City Attorney's Office throughout this process.